

February 12, 2003

Opening Statement by Congressman Paul E. Gillmor

House Financial Services Committee

Full Committee Hearing to Receive the Testimony of the Chairman of the Federal Reserve Board of Governors on Monetary Policy and the State of the Economy

I would like to thank you, Mr. Chairman, for holding this important hearing and Chairman Greenspan for making himself available to the committee.

Given our current uncertain economic climate and slowed growth during the last Fiscal Year, I am especially interested today to hear your expectations for the future.

As the President emphasized in the explanation of his proposed jobs and growth package, the fundamental elements of our economy have remained strong. This can be clearly observed in the housing market. However, our overall economy is not immune to external factors. We all witnessed the crippling impact a deterioration of investor confidence, triggered by an event such as the September 11th attacks, can have on our financial markets.

I would appreciate any elaboration you could give us on your remarks from yesterday, regarding the affect of current geopolitical risks on the timetable for economic recovery and specifically, increased capital investment and hiring.

Increased unemployment is an important issue for constituents in every congressional district and I sincerely hope the prediction of a .3 percent decrease to 5.7 at the end of this year is surpassed.

If I understood you correctly, it is really the uncertainty of the global geopolitical climate that has negatively impacted our markets and any action our government could take to bring greater stability in the global arena would prove beneficial.

Before the Banking, Housing, and Urban Affairs Committee in the Senate, you also reiterated your position in support of the elimination of the double taxation of dividends

and I am interested to hear any further explanation you could share on its constraint on the flexibility of our economy.

I fully understand that fiscal policy is not, nor should it be, in your area of responsibility but feel that we could all benefit from your theoretical knowledge and expertise in evaluating this issue.

Thank you again for testifying before our committee and sharing your opinions with us today.